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S E C R E T SECTION 01 OF 02 NICOSIA 000619

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E.O. 12958: DECL: 07/25/2017

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SUBJECT: TURKISH ELECTORATE GRANTS "TRNC GOVERNMENT" WISH

REF: NICOSIA 00610

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Classified By: Ambassador Ronald L. Schlicher for reasons 1.5 (b) and (d).

¶1. (C) Summary: The resounding win of the Justice and Development Party (AKP) in Turkey was a surprise to most Turkish Cypriot contacts of the Embassy and has stabilized the wobbly CTP-OP "TRNC Government". The post-election euphoria, though, will not dispel the allegations of corruption that plague the OP "ministers," and the road ahead, though clearer, is not without its perils. End Summary.

CTP GOT LUCKY...

¶2. (SBU) The CTP-OP "government" of the "TRNC," battered by allegations of corruption on the part of OP "ministers," was hoping that Turkish voters would return the AKP government to power with a solid majority. The result of the elections -- 47 percent of the Turkish population voted for AKP, giving it a preliminary 340 of the 550 seats in Parliament -- exceeded CTP's hopes. Even observers who were expecting an AKP victory were surprised by just how large the margin of that victory was.

¶3. (C) Ozdil Nami, an "MP" affiliated with the CTP, told poloff in a meeting on July 24 that the AKP victory has restabilized the previously precarious CTP position. AKP has a solid endorsement to continue its policies, which will translate into support for the CTP-OP "government". With the wind taken out of the opposition's sails, the public will pardon OP's flirtation with corruption. He was less sanguine, however, on the future of Cyprus talks. Certainly, the AKP win means that Turkey will continue to support CTP's pro-solution policies, but, he claims, the Greek Cypriot side is unlikely to be cooperative. Even if Christofias or Kasoulides wins the Cypriot presidential election, the moment the new president begins to move in a direction toward solution -- particularly on the issue of ending the isolation of the north -- he will be crucified by the Greek Cypriot public as a traitor and forced to stop.

¶4. (S) Kudret Akay, an advisor to Democrat Party leader Serdar Denktash (strictly protect), made similar comments to

poloff in a July 25 meeting. According to Akay, the AKP victory was so great that the political situation in the "TRNC" has completely reversed. The CTP-OP coalition is solid, whereas the opposition parties are now potentially unstable, with their usual supporters dejected and perhaps considering abandoning them. Moreover, with no need to be conciliatory toward the opposition, CTP's position on reforms to the "constitution", "election" laws, and "parliamentary" laws has become more firm. CTP still believes these reforms are desirable, but will be less willing to offer compromises to the opposition to secure them. Finally, Mr. Akay said that, assuming no further surprises, the CTP-OP coalition will last well into next year and early "elections" will not take place until at least 2009. Mr. Akay did concede that five more years of AKP governance should provide a good environment for further movement toward a Cyprus solution.

...BUT IS NOT YET HOME FREE  
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15. (C) CTP's luck could turn for the worse again, however. Ahmet Ozcag, the businessman who alleged that his Turkey-based company had transferred some \$2 million to OP officials, is still a wild card. Having turned himself over to the Turkish Cypriot "justice system", he has continued to make cryptic and contradictory statements. As the investigation into his claims unfolds, pressure could once again mount against OP's "ministers" to resign. Whereas Asim Vehbi, the "Environment Minister" appointed from outside "parliament," would be relatively easy to replace, the resignation or dismissal of "Deputy Prime Minister and Foreign Minister" Turgay Avci would almost certainly rupture the "governing" coalition and leave CTP with few political options (ref A).

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16. (C) Events in Turkey could also make life difficult for "PM" Soyer's "government". Although the Turkish election results probably signal a return to stability, an acrimonious dispute over Turkey's coming presidential election could lead to another round of legislative elections and all the political uncertainty that was the hallmark of the past few months. Likewise, a Turkish military more actively resistant to AKP policies could try to manipulate the political situation in the "TRNC" as a way to exert leverage on Prime Minister Erdogan.

17. (C) A final possible destabilizing factor would be discontent with the current coalition from within CTP itself. Although the political situation had stabilized in CTP's favor, CTP's reputation has still suffered somewhat as a result. The willingness of CTP to tolerate OP's alleged corruption may alienate grassroots voters and more idealistic members who could pressure CTP from the inside. While internal pressure alone will probably not be enough to force a "government" realignment, it could compound the pressure of any of the above external events.

18. (C) Comment: CTP's position may be less solid than our contacts let on. The situation now looks stable, but too many possible disruptions loom in the background to make the survival of the "government" a certainty. "PM" Soyer would be well-advised to take this opportunity to prepare in advance for possible shocks -- by planning responses to future revelations in the corruption investigations, for example, or taking the initiative to reassure possible pockets of discontent within the party. There is no indication as of yet that such planning is in the works, and with the height of summer -- and vacation season -- arriving, the opportunity to do so will probably be missed until fall, leaving CTP's new position of strength somewhat vulnerable.

End Comment.

SCHLICHER